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Congress of the United States
House of Representatives
Washington, DC 20515-3222

June 27, 2011

Ms. Mary L. Schapiro
Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Chairman Schapiro:

I am writing to express my concerns about issues raised in *The New York Times* regarding the potential overestimation of shale gas reserves. According to a series of articles in the paper, shale gas companies may be engaging in questionable accounting tactics and may be taking advantage of loopholes in S.E.C. regulations to artificially inflate estimates of their gas reserves.

According to internal emails and documents reviewed by *The New York Times*, some shale gas companies may be intentionally overbooking their gas reserves by not factoring in new well production data that shows wells were not producing as much gas as originally predicted. Estimating a future gas well's productivity is undoubtedly a difficult challenge. However, once production begins, companies should adjust their financial models accordingly to reflect any new data. According to *The New York Times*, this may not be happening. As a result companies may not only be reporting overly optimistic reserve estimates, but they may also be underreporting costs.

In addition, it appears that S.E.C.'s rules may need updating in light of these new reports. In 2008, the S.E.C. adopted new rules covering oil and gas reporting requirements. According to *The New York Times*, this rule change significantly aided the shale gas industry as companies quickly adjusted upward their gas reserve estimates and reduced their finding and development costs. Unfortunately, investors and the public are unable to verify these new estimates because the new S.E.C. rules do not require third party audits, nor do they require companies to disclose the technologies used in making estimates of their gas reserves.

According to market analysts interviewed by *The New York Times*, there is considerable angst within the shale gas industry and the financial markets about this lack of transparency and the possibility that companies may be overbooking their reserves. These are serious charges. Given the rapid growth of the shale gas industry and its growing importance for our country's energy portfolio, I urge the S.E.C. to quickly investigate whether investors have been intentionally misled.

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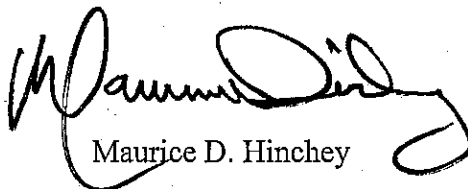
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In addition, I urge the S.E.C. to consider updating its oil and gas reserve reporting requirements to provide greater disclosure to investors and the public by, for example, requiring third party audits and requiring companies to reveal the methodologies and technologies they use to develop reserve estimates.

Thank you for your attention to this matter. I look forward to your response.

Sincerely,

A handwritten signature in black ink, appearing to read "Maurice D. Hinchey", with a stylized, looping flourish at the end.

Maurice D. Hinchey